Greater Wellington
Te Pane Matua Taiao

1 May 2024

File Ref: 2024-062

[redacted]

Tēnā koe [redacted]

Request for information 2024-062

I refer to your request for information dated 4 April 2024 which was received by Greater Wellington Regional Council (Greater Wellington) on 4 April 2024. You have requested the following:

1. Full details (including annual $ values, separating both CAPEX and OPEX) of what savings Council asked officers to make before and during the planning process;
2. Full details (including annual $ values, separating both CAPEX and OPEX) of savings that officers suggested for Council to consider before and during the full planning process;
3. Full details (including annual $ values, separating both CAPEX and OPEX) of savings adopted by the end of the planning period, including when and how these savings will be made during the plan period.
4. Please also provide full details of all moneys paid to Māori Iwi and other Māori-related payments, including what the payments were for and which GWRC accounts paid these sums.

Greater Wellington's response follows:

1. Full details (including annual $ values, separating both CAPEX and OPEX) of what savings Council asked officers to make before and during the planning process;

At the Council meeting on 15 December 2022, Council established the Long-Term Plan Committee (the Committee). The Committee included all councillors and six mana whenua members (one member for each of the six mana whenua partners in the Wellington Region). Mana whenua members have been working alongside Councillors and contribute their particular knowledge to the development of the 2024-34 Long-Term Plan (LTP).

A series of committee workshops were held with the initial workshop held in May 2023 seeking guidance as to what 'level of service' Greater Wellington aims to provide in the 2024-34 Long-Term Plan.

The committee discussed the levels of service outcomes in terms of a Low, Medium and High vs the current status. The table below outlines the key differences between the levels:

Level of Service	Current Impact (1-10 years)	Future Impact 10+ years
Low	• More Affordable • Reduced level of service • Reductions required for new projects • Deferred asset maintenance and renewals	• Infrastructure deficit • Community unhappy services have reduced • Less flexibility to consider lower rates increases
Medium	• Balances affordability and delivering our priorities • Small increase in resources for new initiatives • Reallocation funding to our priorities	• Some community aspirations are met • Infrastructure is maintained • Some flexibility to consider lower rates increases
High	• Main focus is delivering our priorities • Projects only delayed due to resource constraint. • Levels of service increases	• Community's aspirations are met • Up to date infrastructure • More flexibility to consider lower rates increases
Current	• No change in affordability • Same level of service • No change in resources • Reductions required for new projects	• Community unhappy aspirations are not met • Infrastructure is maintained

The guidance from the Committee directed the officers to initially develop their Activity Management Plans (AMP) to a 'high' level of service (in the table above) but with expectation that the focus needs to be 'on the ground' deliverables, such as 'tree planting' and specifically not the "commissioning of reports".

It should be noted that it wasn't until the Greater Wellington activity groups developed their individual AMP's that the actual financial impact to the ratepayers could be calculated but based on the 2023/24 Annual Plan the average regional rates increase for 24/25 was forecasted to be 17.99%.

After the activity groups developed their AMPs, an initial draft average regional rates impact number of 37.27% was taken back to the Committee in a September 2023 workshop for their understanding and considerations.

Guidance from the Committee at this stage was that this level of rates increase was unacceptable and that material changes would need to be made to AMP's to significantly reduce the financial impacts to ratepayers.

There was no specific detailed annual dollar value savings of either CAPEX and/or OPEX provided by the Committee at this stage.

2. Full details (including annual $ values, separating both CAPEX and OPEX) of savings that officers suggested for Council to consider before and during the full planning process;

Offices presented to the Committee a number of options to reduce rates required. These have been consolidated into Attachment 1 - Options provided by Offices to keep rates down. The options presented model the high level cost savings that would result in changes to specific activities level of service over the first three years of the LTP. The Committee provided guidance in these workshops as to their preferred options which were then reflected into activity groups AMPs, the rates impact of which is summarised in the response to your next part of your request.

3. Full details (including annual $ values, separating both CAPEX and OPEX) of savings adopted by the end of the planning period, including when and how these savings will be made during the plan period.

	Source of saving	Detail of Savings	Saving 2024/25	Impact of saving on rates	Draft Rates Increase 2024/25
		Initial High Level of service rates impact			37.3%
less	All Activity Groups	Non contractual operating expenditure savings across the organisation -OPEX	$8.4m	4.2%	
less	Metlink	Fare ticket Increase 10% (additional revenue)	$8.2m	2.0%	
less	Metlink	Reduction of Mode shift from 40% to 20% - OPEX	$6.5m	1.6%	

	Source of saving	Detail of Savings	Saving 2024/25	Impact of saving on rates	Draft Rates Increase 2024/25
less	Metlink	Additional Metlink savings from Long Term Plan Committee prioritisation workshops - OPEX	$8.2m	2.0%	
less	All Activity Groups	Rescheduling of additional FTE and slower hiring - OPEX	$3.8m	1.9%	
less	Strategy	Rescheduling of Let's Get Wellington Moving program - OPEX	$2.4m	1.2%	
less	Finance	Finance tools (include CentrePort Subvention and Dividend) - OPEX	$11.6m	5.8%	
add	Environment	Increase in flood resilience maintenance - OPEX	$2.8m	1.4%	
	Total savings made				17.5%
		Draft Rates Increase Y1 2024_34 LTP			19.8%

4. Please also provide full details of all moneys paid to Maori Iwi and other Maori-related payments, including what the payments were for and which GWRC accounts paid these sums.

Please refer to Attachment 2 - Payments to Iwi

The information relates to the period 01 July 2022 to 30 June 2023 as this is the most recent completed financial year that has been audited. To give these payments context it is useful to know that Greater Wellington is committed to upholding Te Tiriti o Waitangi obligations, commitments and responsibilities to ensure equitable outcomes for Māori.

Our partnership with our mana whenua partners is guided by local government legislation that requires Greater Wellington to take account of the perspectives of Māori on various matters, including:

- Under the Resource Management Act (RMA) 1991, Greater Wellington must consult and engage with iwi authorities on resource planning and consenting matters that enhance opportunities for iwi participation in the RMA plan-making processes
- The Local Government Act 2002 requires Greater Wellington to take appropriate account of the principles of Te Tiriti o Waitangi, as well as maintaining and improving opportunities for Māori to contribute to local decision-making processes
- The Conservation Act 1987 requires that the Reserves Act 1977 should be interpreted and administered so as to give effect to the principles of the Treaty of Waitangi

Greater Wellington is required to act in accordance with a range of other statutory responsibilities to Māori.

'Improving outcomes for mana whenua and Māori' is one of Greater Wellington's four strategic priorities within the 2021-31 Long Term plan. Te Whāriki - Māori Outcomes Framework assist and guide Greater Wellington in its relationships and engagement with mana whenua. This framework formalises Greater Wellington's commitment to Te Tiriti o Waitangi and the organisation's broader legal obligations to Māori.

Greater Wellington's vision to effectively partner with mana whenua as kaitiaki in the co-governance and co-management models concerning shared interests are evolving. We have implemented Tūāpapa and Kaupapa funding initiatives that enable their representative organisations to uplift capability and resource themselves to better support and deliver on their kaitiaki duties as well as shared Māori interests.

We acknowledge that significant input is required from mana whenua to actively perform their kaitiaki role and meet the increasing demands of Council, while also assisting other Crown agencies. In taking this direction, tūāpapa and kaupapa funding agreements help us address the resourcing inequity between Greater Wellington and our partners.

If you have any concerns with the decision(s) referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly on Greater Wellington's website with your personal information removed.

Nāku iti noa, nā

Ali Trustrum-Rainey
Kaiwhakahaere Matua, Pūtea me ngā Tūraru | Group Manager Finance and Risk

2024-34 Long term Plan Prioritisation Workshops

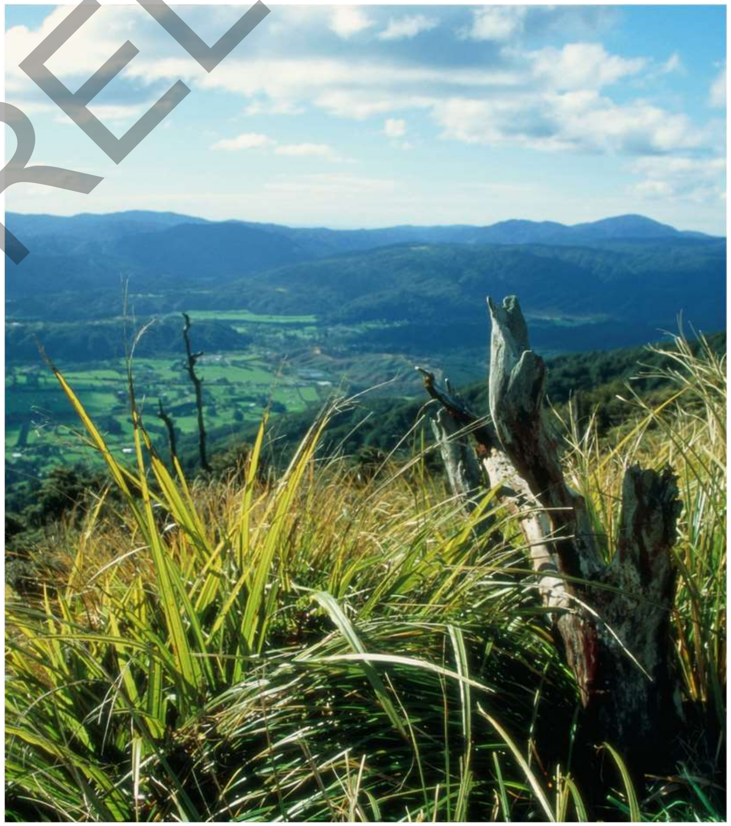
LTP Committee Workshop
October and November 2023

Greater Wellington
Te Pane Matua Taiao

Purpose & outcomes

Purpose

- Discuss specific trade off options for balancing outcomes and affordability



Discussion: Metlink Strategic Choices

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October 3rd Workshop

“Big Rocks” Savings Options ($20m+ over 3 years)

BUS GROWTH AND MODESHIFT (40%) TARGET - OPEX

A 40% modeshift to bus will require approximately 50% more bus capacity by 2030 (taking into account population growth). This will drive a rapid escalation in spending through directing our Operators to buy more fleet, build EV charging capacity and finding more space for depoting (pre – Hihi). The 2030 target, makes deferral difficult

- 20% Modeshift = $19m savings
- 10% Modeshift = $29m savings
- Pop growth only = $38m savings

DECARBONISATION OF PUBLIC TRANSPORT (BUS FLEET) - OPEX

Council has the aim to have all core routes being electric by 2030. The government has set a date of 2025 for no new diesel bus purchases and 2035 for all buses to be decarbonised. The next LTP assumes that all growth buses and end of life replacements are electric, but no active swap outs / conversions have been included. Future strategic questions:

- Allow Diesels in 2028 Tenders?
- All Core Fleet EV by 2030?
- Temporary Growth Diesels

FARES - Revenue

Our FARES are relatively affordable at an international levels. Has the ability to significantly offset rates (see slide). Our fares are also highly targeted, meaning those that are least likely to afford them will generally have a concession (which is now nearly 60% of the population)

- 5% fares increase = +$5m
- 10% fares increase = +$13m
- 20% increase = +$33m

October 3rd Workshop

"Mid – Sized" Savings Option ($5 - $20m over 3 years)

Capital Connection Transition - OPEX

Transition to LNIRIM which could potentially include funding the capital connection

Push back 1 year (3.4m) — Push back 2 years (6.8m) — Minimise transition period and costs (8.2m)

Removing Cash from Network - OPEX

Cash comes with high administration and handling costs for Operators (some, all savings could be passed on)

Remove cash/backoffice from trains (3m) — Remove cash/backoffice all network (6m) — Remove cash / operating model review (10m)

On Demand Regional Rollout - OPEX

Option to progressively rollout on demand across the Wellington Region with 2 to 3 new areas

Slow down rollout 1 year (2.5m) — Half programme (4.5m) — Stop programme (9.0m)

Accessibility Programme – OPEX and CAPEX

A variety of training, technology and infrastructure upgrades across the network as part of the accessibility action plan

Reduced scope for high opex activities (0.8m) — Accessibility corridors focus little else (1.5m) — No accessibility improvements (5.0+m)

Innovation & Tech Programme - OPEX and CAPEX

A variety of customer experience enhancements through applications of new PT technologies

Reduce lower value projects (1m) — Have programme scope (2.5 m) — Minimise to renewals only (6.0m)

"Smaller" Saving Options (< $5m over 3 years)

Tawa / Porirua on demand - OPEX

Current trial is extended to June 2024. Options to reduce scope or stop past this date.

- Optimise service levels / times (1.0m)
- No Porirua expansion (3m)
- Cancel Trial (5.8m)

Sustainable Workforce - OPEX

Retention, incentivization and recognition programmes for drivers

- Half scope (1.7m)
- Quarter scope (2.6m)
- Don't implement initiatives (3.5)

Network Operating Centre - OPEX

Implement a network control centre across all PT services (see workshop presentation)

- Defer implementation by 1yr (1m)
- Defer implementation by 2yr (1.8m)
- Defer implementation by 3yr (2.7m)

Ticketing Programme - OPEX

NTS – implementation of minimum Viable Product for NTS and minimize any interim snapper developments

- Minimum to achieve transition (0.5m)
- Limited development (1m)
- No improvements (2.5m)

Increase Advertising (Revenue opportunity)

Active push on network locations, scope/change to policy to allow more customer focused advertising (fastfood etc)

- Active push on network locations (0.2m)
- Push, Scope and policy change (0.5m)
- Push, Scope/policy change, paywalls (1.5m)

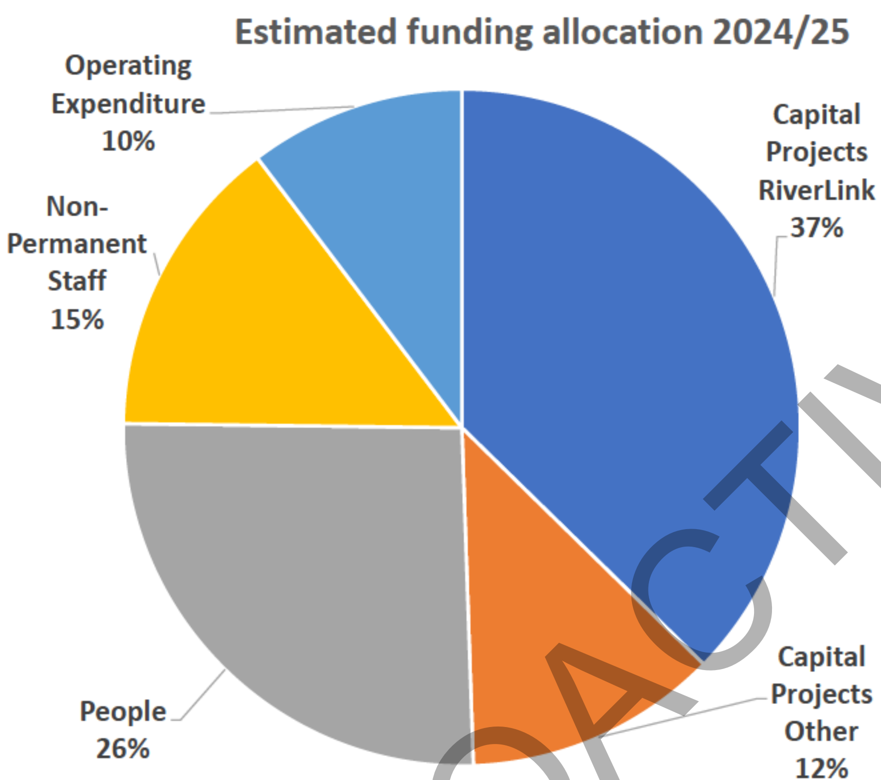
October 3rd Workshop

Discussion: Environment Group Strategic Choices

Greater Wellington
Te Pane Matua Taiao

October 24 Workshop

Context: Cost Backdrop



Unavoidable cost pressures:

- Construction industry inflation
- Increased environmental and health and safety compliance requirements
- Growth in assets requiring maintenance
- Implementing new safety legislation and regulations

Environment savings options

Currently included | Reduction option | Alternative option | Increase option

RiverLink - CAPEX

Reduce Pace
0.7% reduction = $1.4M
(0.1%) Y1

Maintained Level
TBC

Recloaking Papatuanuku - OPEX

Reduce Pace
(1.25%) reduction = $2.6M
0% Y1

Maintained Level - 50% LCAF* funded
(1.25%) reduction = $2.6M
0% Y1

Maintained Level – No LCAF
+2.7% = $5.2M
0% Y1

Natural Resources Plan Change 2 (NRP 2) - OPEX

Rephase plan changes
Impact: TBC

Environment investment considerations

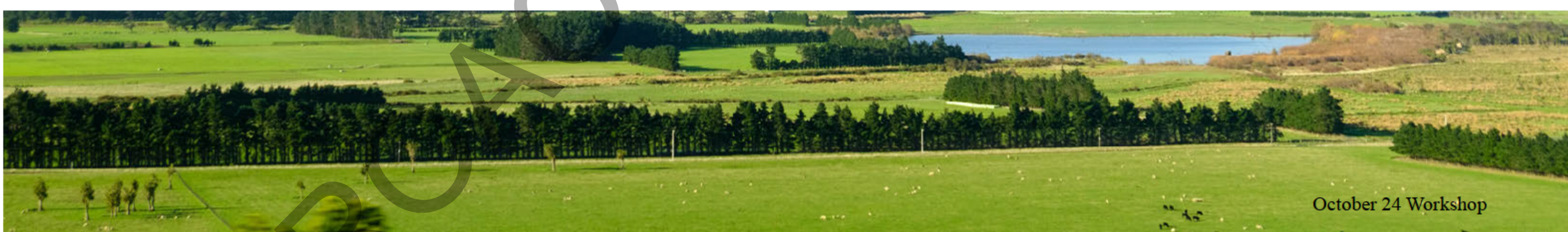
Currently included | Reduction option | Alternative option | Increase option

Flood resilience - OPEX

Prior Level	Current Level	Increased Level
0% increase = $40M	10% increase = $60.5M +1.4% in Y1	12% increase = $24.7M +2.3% in Y1

Pest services/ biodiversity protection - OPEX

Current Level	Increased Level
0% increase = $31M	1.9% increase = $3.8M +0.6% Y1



Information Management Tools

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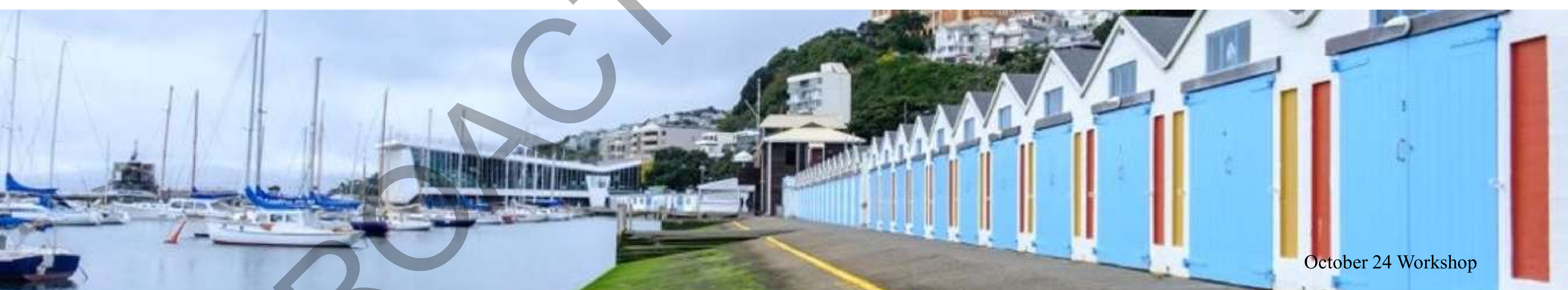
October 24 Workshop

Cost savings made across the business

To ensure efficiency across the business, each Group has completed a rigorous cost savings exercise looking line-by-line through Group, Function, and Team budgets.

Broadly, savings were found across categories such as: consultancy services, legacy infrastructure, treasury management, insurances, catering, project budgets and head count rationalisation.

This exercise resulted in a 2% OPEX reduction in rates requirement



Financial tools

Financial tools have been used to smooth the rates increase over the first 3 years of the LTP. This has had the impact of reducing rates in year 1 by 5.5% and increasing rates in year 2 by 1%.

	Year 1	Year 2	Year 3
Finance Tools	(5.5)%	1.0%	0.0%